

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1789 - HB 2105

March 30, 2009

SUMMARY OF BILL: Defines autism spectrum disorder by limiting it to autistic disorder, Asperger's syndrome, and pervasive developmental disorder. Mandates health insurance policies cover treatment for individuals diagnosed with an autism spectrum disorder who are under the age of 16. Defines behavioral therapy and requires a maximum benefit of \$50,000 per year on behavioral therapy services for individuals under the age of nine and \$25,000 for individuals between the age of nine and 16.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$22,344,800

Increase Local Expenditures – Exceeds \$100,000*

Increase Federal Expenditures - \$64,055,200

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in an increase in the cost of health insurance premiums which exceeds \$100,000 for plans that do not currently offer autism spectrum disorder treatment within the provisions of the proposed legislation.

Assumptions:

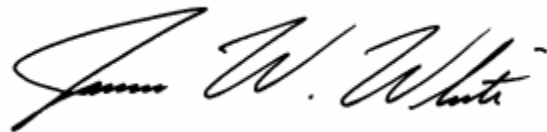
- According to the Centers for Disease Control, the prevalence of autism spectrum disorder is one in 150 children under the age of 16. According to the Bureau of TennCare, there are 417,354 children ages 3 to 15 enrolled in TennCare as of December 31, 2008. TennCare assumes that 2,782 enrollees may suffer from an autism spectrum disorder.
- Based on claims data, there are currently 1,987 TennCare enrollees who are receiving treatment for autism. It is estimated that 2,000 additional children diagnosed with autism spectrum disorder will be enrolled in TennCare.

- Of the 2,000 additional enrollees, TennCare estimates that 90 percent, or 1,800, will receive the mandated treatment.
- According to the Bureau of TennCare, enrollees will receive behavioral services at least 40 hours per week for 12 weeks at a rate of \$100 per hour resulting in an increase in expenditures of \$86,400,000 (1,800 enrollees x 40 hours x 12 weeks x \$100).
- Of the \$86,400,000, \$22,344,768 will be state funds at a rate of 25.862 percent and \$64,055,232 in federal funds at a rate of 74.138 percent.
- According to the Department of Finance and Administration, the State Employee, Local Government and Local Education Health Plan options are not required to meet the provisions of the bill.
- Any local government health plans that are not part of the state plan will incur an estimated increase in expenditures which will exceed \$100,000 for covering the mandated benefits.
- The Department of Commerce and Insurance is responsible for the implementation and regulation of the provisions of this bill. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml